

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 PA-01 PRS-01

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 1325

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E.O. 11652: GDS

TAGS: ENRG, VE

SUBJ: GOV COMMENTS ON PETROLEUM NATIONALIZATION

1. SUMMARY - IN CLOSING ADDRESSES TO THE VENEZUELAN CONGRESS  
PRESIDENT PEREZ AND PRESIDENT OF THE CONGRESS, GONZALO BARRIOS,  
RAISED THE SPECTER OF FOREIGN GOVERNMENT DISSATISFACTION WITH  
PETROLEUM NATIONALIZATION. PEREZ CONNECTED SUCH DISSATISFACTION TO  
THE GOV'S DECISION TO PAY NET BOOK VALUE IN COMPENSATION. END  
SUMMARY.

2. IN THEIR CLOSING ADDRESSES TO THE VENEZUELAN CONGRESS  
ON DECEMBER 20, PRESIDENT PEREZ AND PRESIDENT OF THE CONGRESS,  
GONZALO BARRIOS, COMMENTED ON THE PETROLEUM NATIONALIZATION LAW,  
WHICH THEY CLEARLY REGARDED AS THE MOST IMPORTANT LEGISLATIVE  
ACCOMPLISHMENT OF THE YEAR. PEREZ NOTED THAT THE "NEGOTIATIONS"  
LEADING UP TO THE LAW HAD NOT BEEN EASY BECAUSE OF THE DIVERGENT  
VIEWS OF THE VARIOUS POLITICAL GROUPS INVOLVED. THE PRESIDENT  
SAID, FURTHERMORE, THAT NEGOTIATIONS WITH THE PETROLEUM COMPANIES  
CAME UP AGAINST  
POSITION OF "GOVERNMENTS" WHICH IN SOME WAYS SUPPORTED THE  
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TRANSNATIONAL COMPANIES AND WHICH "DID NOT ACCEPT VENEZUELA'S

SOVEREIGN DECISION TO PAY COMPENSATION BASED EXCLUSIVELY ON NET BOOK VALUE OF NON-DEPRECIATED ASSETS." PEREZ CLAIMED THAT VENEZUELA HAD ESTABLISHED A PRECEDENT OF EXTRAORDINARY IMPORTANCE TO THE WORLD IN ACCOMPLISHING NATIONALIZATION WITHOUT CONFRONTATION.

3. IN HIS ADDRESS TO THE SENATE, BARRIOS WAS CONSIDERABLY MORE EXPLICIT IN EMPHASIZING FOREIGN DISSATISFACTION WITH THE PETROLEUM NATIONALIZATION, ESPECIALLY WITH THE MANNER OF COMPENSATION. HE CITED A LARGE BODY OF FOREIGN OPINION ASSOCIATED WITH "ECONOMIC IMPERIALISM" WHICH BELIEVES THAT VENEZUELA HAS TAKEN UNFAIR ADVANTAGE OF THE PETROLEUM COMPANIES. SPEAKING PERSONALLY, BARRIOS SAID HE BELIEVES THE CONGRESS MAY HAVE TO TAKE DEFENSIVE MEASURES AGAINST ADVERSE REACTIONS TO VENEZUELA'S SOVEREIGN ACT. BARRIOS THEN EXPRESSED CONFIDENCE THAT ALL POLITICAL FACTIONS REPRESENTED IN THE SENATE WOULD BE UNITED IN DEFENSE OF THE NATIONAL INTERESTS.

4. COMMENT - IN EMPHASIZING FOREIGN DISSATISFACTION WITH PETROLEUM NATIONALIZATION, PRESIDENT PEREZ AND HIS AD COHORT IN THE CONGRESS ARE ATTEMPTING TO COUNTER ALLEGATIONS OF OPPOSITION PARTIES THAT PEREZ AND THE AD PARTY HAVE SOLD OUT VENEZUELAN INTERESTS TO THE INTERNATIONAL OIL COMPANIES.  
SHLAUDEMAM

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